

## Message Text

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ACTION OES-07

INFO OCT-01 EUR-12 EA-10 ISO-00 FEA-01 ACDA-12 CIAE-00  
INR-07 IO-13 L-03 NSAE-00 NSC-05 EB-08 NRC-05  
DODE-00 SS-15 SP-02 PM-05 /106 W  
-----017330 091141Z /21

R 090911Z NOV 77  
FM AMEMBASSY VIENNA  
TO SECSTATE WASHDC 3993  
INFO USERDA HQ WASHDC  
USERDA HA GERMANTOWN  
AMEMBASSY TAIPEI

C O N F I D E N T I A L SECTION 1 OF 2 VIENNA 9767

USIAEA

DEPT PASS IO/SCT

EO 11652: GDS  
TAGS: IAEA , PARM, TECH  
SUBJECT: U.S./ROC IAEA SAFEGUARDS DISCUSSIONS

REF: STATE 262131

BEGIN SUMMARY: U.S. REPS MET IN VIENNA ON NOVEMBER 3 WITH  
REPRESENTATIVES OF IAEA AND ROC. FOLLOWING FULL DISCUSSION  
OF ISSUES, AGENCY CONCLUDED THAT EXPANDED COVERAGE OF  
U.S./ROC BILATERAL WAS A MATTER SOLELY BETWEEN USG AND ROC  
AND NOTIFICATION TO AGENCY OF INVENTORY CHANGES COULD BE  
TREATED IN ROUTINE FASHION. A KEY ISSUE RAISED WAS WHETHER  
U.S./ROC EXCHANGE OF LETTERS SHOULD BE ON CLASSIFIED  
BASIS; ROC WAS CONCERNED ABOUT ITS OWN LEGISLATIVE PROBLEMS  
AND IAEA WAS CONCERNED ABOUT REACTION OF IAEA BOARD OF  
GOVERNORS MEMBERS. IT WAS AGREED THAT LETTER TO IAEA ON  
THESE U.S./ROC ARRANGEMENTS WAS NOT RPT NOT NECESSARY  
OR DESIRABLE. FOLLOWING GENERAL MEETING, A WORKING  
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GROUP MET TO CONSIDER SPECIFIC ISSUES REGARDING HOW  
INVENTORY CHANGE NOTIFICATION WOULD BE GIVEN IN VARIOUS  
CIRCUMSTANCES. AGREEMENT REACHED WAS THAT JOINT  
ROC/U.S. INVENTORY CHANGE NOTIFICATPON COULD TAKE PLACE  
ON AGENCY FROM N-36 WITH FOOTNOTE, WHERE APPROPRIATE,  
DENOTING COUNTRY OF ORIGIN. INFORMAL STATUS OF MEETING  
WAS RECOGNIZED BY AGENCY; AGENCY SECRETARIAT CONSIDERS

THAT IT HAS NOT RPT NOT BEEN OFFICIALLY OR FORMALLY INFORMED OF SPECIAL U.S./ROC ARRANGEMENTS, NOR DOES IT WISH TO BE SO INFORMED. SECRETARIAT IS AWARE THAT DISCUSSIONS BETWEEN ROC AND U.S. ARE NOT COMPLETE. SEPARATE DISCUSSIONS WITH DR. CHENG AND OTHER ROC REPS FOLLOWING THE WORKING GROUP GENERALLY ADDED LITTLE TO POINTS ALREADY DISCUSSED IN WASHINGTON ON OCTOBER 28. CHENG ACCEPTED SUGGESTION THAT INITIAL JOINT NOTIFICATION COULD USE ROC'S DECEMBER 31, 1977, INVENTORY. END SUMMARY.

1. FOLLOWING INDIVIDUALS MET ON NOVEMBER 3 AT IAEA: FISCHER, ROMETSCH, KLINK, THORNE, BUECHLER, RAINER, PAPADIMITROPOULOS (IAEA); CHENG (CAEC; LEE (INER, DEPUTY TO CHIEN); YU WEI, CHEYNE CHIU (INSTITUTE OF CHINESE CULTURE, VIENNA); AMB. STONE, MAHY (MISSION); GLASGOW (DOE); MENZEL (ACDA).

2. DR CHENG OPENED THE DISCUSSION BY STATING PURPOSE OF MEETING. ALTHOUGH ROC FELT THAT BEST ROUTE WAS TO SEEK FORMAL AMENDMENT OF ROC/U.S. BILATERAL, IT REALIZES THAT THIS MAY NOT BE POSSIBLE AT PRESENT AND THEY SUPPORT LESS FORMAL AGREEMENT THROUGH EXCHANGE OF LETTERS. ROMETSCH OPENED FOR AGENCY ON THEME THAT ONLY NECESSITY WAS UNAMBIGUOUS NOTIFICATION TO AGENCY OF INVENTORY CHANGES. ROMETSCH MENTIONED THAT CONFIDENTIAL

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HE HAD DISCUSSED THE MATTER WITH EDWARDS (DIRECTOR OF IAEA LEGAL DIVISION) AND THAT EDWARDS HAD OPINED THAT QUESTION WAS ONE OF MECHANICS. AGENCY LAWYER RAINER, AND ALSO BUECHLER, AGREED THAT WHAT FALLS UNDER THE BILATERAL IS A MATTER BETWEEN THE U.S. AND THE ROC.

3. FISCHER QUESTIONED WHETHER FORMAL AMENDMENT TO U.S./ROC BILATERAL WAS NECESSARY AND, IN ANY EVENT, WHETHER AGENCY BOARD WOULD HAVE TO BE NOTIFIED IN VIEW OF EFFECT THIS WOULD HAVE OF EXPANDING SCOPE OF IAEA/ROC/U.S. SAFEGUARDS TRANSFER AGREEMENT (INFCIRC/158). GLASGOW NOTED THAT U.S. HAD CONSIDERED LEGAL BASIS FOR ROC/U.S. DECISION TO TREAT ALL MATERIALS, EQUIPMENT AND DEVICES IN ROC AS BEING UNDDR ARTICLES VIII, X, XI AND XII OF U.S./ROC BILATERAL AND HAD CONCLUDED THAT FORMAL AMENDMENT OF THAT BILATERAL WAS NOT REQUIRED. EXPRESSING VIEW THAT TERMS OF U.S./ROC UNDERSTANDING WERE CONSISTENT WITH STA, U.S. REPS POINTED TO SECTION 9(B)(I) OF STA. ROMETSCH ADDED THAT SECTION 12 OF THE STA WAS ALSO PERTINENT AND COULD BE QUOTE EXTENSIVELY INTERPRETED END QUOTE.

TO FISCHER'S CONCERN THAT U.S./ROC UNDERTAKING WOULD  
EXPAND SCOPE OF STA IN SIGNIFICANT MANNER REQUIRING  
NOTIFICATION TO BOG, ROMETSCH REPLIED THAT ONLY  
ADDITIONAL AGENCY OBLIGATION WAS ANNUAL NOTIFICATION  
TO U.S. ON NON-U.S. MATERIAL.

4. SUBJECT OF MEETING TURNED BRIEFLY TO SPECIAL  
INSTANCES OF NOTIFICATION (NON-U.S. PRESENT INVENTORY,  
FUTURE NON-U.S. SUPPLY, INDIGENOUS PRODUCTION). RAINER  
MENTIONED THAT ALTHOUGH AGENCY WOULD BE "STRETCHING  
THINGS", A STANDARD JOINT U.S./ROC NOTIFICATION TO THE  
AGENCY WOULD SUFFICE FOR ALL THESE CASES AND  
AGENCY WOULD NOT NEED TO BE ADVISED OF THE U.S./ROC  
UNDERSTANDING SINCE IT WAS A MATTER BETWEEN THE U.S.  
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AND ROC. ROMETSCH SAID AGENCY WOULD SIMPLY ADVISE  
ROC/U.S. IN NORMAL FASHION OF ITS RECEIPT OF COMPLETED

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DODE-00 SS-15 SP-02 PM-05 /106 W  
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C O N F I D E N T I A L SECTION 2 OF 2 VIENNA 9767

USIAEA

DEPT PASS IO/SCT

INVENTORY CHANGE NOTIFICATION. AGENCY DOES NOT RPT NOT

DESIRE A COVER LETTER (PARA 12 REFTTEL) TO ACCOMPANY NOTIFICATION. IT WAS AGREED TO CONSIDER SPECIFIC QUESTIONS IN SMALLER WORKING GROUP. IN CONCLUDING REMARKS, FISCHER BACKED OFF PREVIOUSLY EXPRESSED VIEW THAT NOTIFICATION TO AGNEY'S BOARD WAS NECESSARY.

5. WORKING GROUP CONVENED IMMEDIATELY FOLLOWING GENERAL MEETING. THOSE IN ATTENDANCE WERE: BUECHLER, RAINER, THORNE, PAPADIMITROPOULOS, MAHY, GLASGOW, MENZEL, ROC REPS. CHENG OPENED DISCUSSION WITH QUESTION OF HOW NOTIFICATION WOULD BE HANDLED IN CASE OF MATERIAL TRANSFERRED TO ROC FROM NON-U.S. SUPPLIER. U.S. POINTED OUT THAT AS MATTERS NOW STAND, ROC IS NORMALLY UNABLE TO OBTAIN SUCH TRANSFERS FROM NON-U.S. SOURCES UNLESS THEY ARE WITHIN SCOPE OF ROC UNILATERAL SUB-

MISSION AGREEMENT ON THE TRR AND ASSOCIATED RESEARCH  
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FACILITIES (INFCIRC/133, I.E., THE ONLY IAEA SAFEGUARDS AGREEMENT WITH ROC OTHER THAN THE U.S. TRILATERAL). U.S. FURTHER POINTED OUT TO CHENG, PRIVATELY, LAST PARAGRAPH OF DFAFT LETTER (PARA 10 OF REFTTEL) WOULD BENEFIT ROC BY ESTABLISHING UMBRELLA FOR SUPPLY OF NUCLEAR MATERIAL AND EQUIPMENT FROM NON-U.S. SOURCES AFTER CONSULTATION AND CONSENT BY US A NUMBER OF EXAMPLES OF POSSIBLE NON-U.S. SUPPLY WERE CONSIDERED.

6. BUECHLER POINTED OUT THAT THE SUPPLIER, IF AN NPT PARTY OR ZANGGER COMMITTEE MEMBER, WOULD NEED TO OBTAIN ASSURANCE THAT ITS PROPOSED TRANSFER WOULD BE SUBJECT TO APPROPRIATE SAFEGUARD. BUECHLER STATED THAT A POTENTIAL SUPPLIER, SUCH AS THE FRG, SHOULD TURN TO THE ROC RATHER THAN THE AGENCY FOR ASSURANCE THAT THE TRANSFERRED EQUIPMENT OR MATERIAL WOULD BE SUBJECT TO SAFEGUARDS. (WE NOTE, HOWEVER THAT A

RESPONSIBLE POTENTIAL SUPPLIER WOULD WANT TO HAVE ASSURANCES INDEPENDENT OF THE RECIPIENT.) IT WAS AGREED THAT POSSIBLE ADDITIONS TO THE STA INVENTORY FROM NON-U.S. SUPPLIERS WOULD BE HANDLED BY A JOINT U.S./ROC NOTIFICATION (FORM N-36) WITH FOOTNOTE FOR COUNTRY OF ORIGIN. IT WAS SUGGESTED THAT ROC COULD INITIATE THE JOINT NOTIFICATION FOR PUTTING NON-US-ORIGIN ITEMS ON THE INVENTORY. (WE NOTE THAT THIS ARRANGEMENT, ALSO, WOULD NOT PROVIDE THE NECESSARY INDEPENDENCE FROM RECIPIENT INTERESTS TO REPRESENT GOOD SAFEGUARDS PRACTICES.) BUECHLER THOUGHT THAT THE REFERENCE REQUIRED ON FORM N-36 SHOULD BE SECTION 9(?) (I)

OF THE STA. U.S. POINTED OUT TO CHENG PRIVATELY THAT  
JOINT NOTIFICATION MIGHT BE USED AS MECHANISM FOR THE  
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"MUTUAL CONSENT" PROVISION OF U.S./ROC DRAFT LETTER  
EXCHANGE (REFTEL).

7. WITH RESPECT TO THE PRESENT INVENTORY UNDER THE  
ROC UNILATERAL SUBMISSION AGREEMENT, IT WAS AGREED THAT  
THE SAME PROCEDURE AS PARA 6 ABOVE COULD BE USED. IT  
WAS FURTHER AGREED TO USE THE DECEMBER 31, 1977,  
INVENTORY DATA AND JANUARY 1, 1978, AS EFFECTIVE DATE  
OF TRANSFER FORM N-36 WOULD THEN BE SUBMITTED AS SOON  
AS POSSIBLE AFTER JANUARY 1, 1978.

8. MATTER INDIGENOUS MATERIAL (E.G. URANIUM

EXTRACTED FROM PHOSPHATE IN TQIWAN) WAS ALSO  
DISCUSSED. CHENG SAID ROC DECISION WAS TO PLACE  
"EVERYTHING" UNDER U.S./ROC BILATERAL. IN BUECHLER'S  
JUDGMENT, NPT APPROACH TO STARTING POINT OF SAFEGUARDS  
WOULD SERVE HERE.

9. MAHY RAISED QUESTION OF WHETHER MATERIAL PRODUCED  
FROM NON-U.S.-SUPPLIED MATERIAL WOULD BE SUBJECT TO  
AGENCY SAFEGUARDS IF RETURNED TO U.S. AGENCY VIEW WAS  
THAT SUCH PRODUCED MATERIAL OR SUBSTITUTE SHOULD BE  
UNDER AGENCY SAFEGUARDS IN U.S. SINCE THE NON-U.S.-  
SUPPLIED MATERIAL WOULD, UNDER THIS SCHEME, BE  
DEEMED TO BE U.S.-SUPPLIED. THE STATUS IN THE U.S.  
OF THAT NON-U.S.-SUPPLIED MATERIAL (AS OPPOSED  
TO PRODUCED MATERIAL) IF TRANSFERRED TO THE U.S., WOULD  
BE DEPENDENT ON THE CONDITION UNDER WHICH IT WAS  
ACTUALLY SUPPLIED TO ROC.

10. QUESTION OF COVERAGE OF HEAVY WATER UNDER  
U.S./ROC/IAEA STA WAS RAISED BY US. BUECHLER  
RESPONDED THAT HE SAW NO PROBLEM SINCE ARTICLE 10 OF  
THE STA REFERS TO "MATERIAL" WHICH IN AGENCY'S VIEW  
COVERS HEAVY WATER. CHENG DID NOT OBJECT.  
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11. CHENG AGAIN OPENED QUESTION ABOUT CONFIDENTIALITY  
OF U.S./ROC LETTER EXCHANGE. CHENG SEEMED TO  
CONTEMPLATE THAT U.S./ROC EXCHANGE OF LETTERS WOULD

NECESSARILY BE ON CONFIDENTIAL BASIS AND IF ROC DECISION

WAS TO TREAT MATTER AS "OPEN EXCHANGE" IT SHOULD BE DONE  
THROUGH AMENDMENT ROUTE. HOWEVER, HE CONTINUED TO BE  
UNSURE OF REACTION TO OPEN LETTERS OR AMENDMENT BY  
INTERNAL ROC BODIES. ALTHOUGH AGENCY VIEWS THIS AS  
BEING STRICTLY BETWEEN U.S. AND ROC, AGENCY REPS  
CLEARLY DESIRED CONFIDENTIAL EXCHANGE OF LETTERS  
BETWEEN U.S. AND ROC TO AVOID POSSIBLE AGENCY BOARD  
QUESTIONS ON BROADENING SCOPE OF SAFEGUARDS IN ROC.  
IN FACT, AGENCY WANTS TO BE NOTIFIED ONLY OF U.S./ ROC  
AGREED INVENTORY CHANGES. NEED EXISTS FOR U.S. TO  
CAREFULLY CONSIDER PROS AND CONS OF TREATING EXCHANGE  
OF LETTERS ON CLASSIFIED BASIS IF ROC SHOULD SO  
REQUEST. (NOTE, PRESENT DRAFT LETTERS ARE CONFIDENTIAL.)  
STONE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** NUCLEAR SAFEGUARDS, DIPLOMATIC DISCUSSIONS, MEETING REPORTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 09-Nov-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
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**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
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**Litigation Codes:**  
**Litigation History:**  
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**Message ID:** 0e302f1e-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION OES  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
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**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 STATE 262131  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
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**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 649513  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** U.S./ROC IAEA SAFEGUARDS DISCUSSIONS  
**TAGS:** PARM, TECH, US, CH, IAEA  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/0e302f1e-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
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